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U.S. BANKRUPTCY COURT
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Jennifer A. Smith (State Bar No. 610)
Etta L. Walker (State Bar No. 5537)
LIONEL SAWYER & COLLINS
1100 Bank of America Plaza
50 W. Liberty St.
Reno, Nevada 89501
(775) 788-8666

David S. Kurtz
Timothy R. Pohl
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM (ILLINOIS)
333 West Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

Gregg M. Galardi
Eric M. Davis
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
One Rodney Square
Wilmington, Delaware 19899
(302) 651-3000

Attorneys for the Debtors and
Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re

Case No. BK-N- 01-31627
Chapter 11

WASHINGTON GROUP
INTERNATIONAL, INC., et al.,
Debtors.

ORDER PURSUANT TO 11 U.S.C.
§ 105 AUTHORIZING PAYMENT
OF PREPETITION CLAIMS
OF CRITICAL VENDORS

Hearing Date: May 14, 2001
Hearing Time: 1:00 p.m.

Upon the motion, dated May 13, 2001 (the "Motion"),¹ of
the above-captioned debtors and debtors-in-possession (collec-
tively, the "Debtors"), for an order under 11 U.S.C. § 105(a)
authorizing the Debtors to pay the prepetition claims (the

SCANNED

¹ All capitalized terms not otherwise defined herein
shall have the meanings ascribed to them in the Motion.

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3 "Critical Vendor Claims") of service providers, suppliers and
4 vendors, and all others providing goods, services and support
5 necessary to the Debtors' operations (collectively, the "Critical
6 Vendors"); and upon the Affidavit of Stephen G. Hanks in Support
7 of Chapter 11 Petition and First-Day Orders sworn to on May 13,
8 2001; and upon the record of the hearing on the Motion; and after
9 due deliberation thereon; and good and sufficient cause appearing
10 therefor, it is hereby

11 FOUND AND DETERMINED THAT:

12 A. The relief requested in the Motion is in the best
13 interests of the Debtors, their estates and creditors;

14 B. Authorizing the Debtors to pay the Critical Vendor
15 Claims is necessary and essential to the Debtors' going concern
16 *provided, however, that the funds paid pursuant hereto shall be limited to*
17 value and their successful reorganization; and *\$170 million,*

18 C. Failure to authorize the payment of the Critical
19 Vendor Claims by the Debtors will result in a significant de-
20 crease in the Debtors' going concern value and adversely impact
21 the Debtors' ability to successfully reorganize; and it is
22 therefore

23 ORDERED, ADJUDGED AND DECREED THAT:

- 24 1. The Motion is GRANTED.
25 2. The Debtors are authorized under 11 U.S.C. §
26 105(a) to make such payments (the "Payments") to Critical Vendors
27 on the following terms and conditions:
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- (a) The Debtors, in their sole discretion, shall determine which Critical Vendors, if any, are entitled to Payments under this Order;
- (b) If a Critical Vendor accepts payment under this Order, such Critical Vendor is deemed to have agreed to continue to provide goods and services to the Debtors, on as good or better terms and conditions (including credit terms) that existed at least ninety (90) days prior to the Petition Date (the "Customary Terms"),² during the pendency of these chapter 11 cases;
- (c) If a Critical Vendor accepts payment under this Order and thereafter does not continue to provide goods and services pursuant to the Customary Terms, then (i) any payment on a prepetition claim received by such Critical Vendor shall be deemed to be an unauthorized voidable postpetition transfer under Bankruptcy Code section 549 and recoverable by the Debtors in cash upon written request and (ii) upon recovery by the Debtors, any such prepetition claim shall be reinstated as if the payment had not been made; and
- (d) Prior to making a Payment to a Critical Vendor under this Order, the Debtors may, in their absolute discretion, settle all or some of the prepetition claims of the Critical Vendors for less than their face amount without further notice or hearing.

3. To the extent that checks are issued to pay a Critical Vendor Claim, the banks upon which any checks are drawn in payment thereof, either before, on or after the date on which the Debtors filed these chapter 11 cases are authorized to honor any such checks upon presentation, and such banks are authorized

²In the event the relationship between the Critical Trade Creditor and the Debtors does not extend to 90 days before the Petition Date, the Customary Terms shall mean the terms that the Critical Trade Creditor generally extends to its customers.

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3 and directed to rely on the Debtors' representations as to which
4 checks to honor.

5 4. Should the Debtors seek to recover funds under
6 paragraph 2(c) of this Order, nothing in this Order shall pre-
7 clude a Critical Vendor from contesting such treatment by making
8 a written request to the Debtors to schedule a hearing before
9 this Court.

10 5. Neither this Order, nor the Debtors' actions,
11 shall be deemed to be an assumption or adoption of an agreement,
12 contract or policy.

13 6. Any payment made pursuant to this Order is not,
14 and shall not be deemed, an admission as to the validity of the
15 underlying obligation or a waiver of any rights the Debtors may
16 have to subsequently dispute such obligation.
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18 Dated: Reno, Nevada
19 May 17, 2001

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22 Honorable Gregg W. Zive
23 UNITED STATES BANKRUPTCY JUDGE
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